

Message Text

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TO AMEMBASSY LIBREVILLE

C O N F I D E N T I A L STATE 084519

E.O. 11652:GDS

TAGS: EINV, EIND, GB

SUBJECT:GABOREN CHEMICAL FERTILIZER FACTORY

REFS: A) LIBREVILLE 705; B) LIBREVILLE 706

1. DEPTOFF DISCUSSED GOG COMPLAINT WITH JOHN EVANS, GENERAL COUNSEL AND WASHINGTON LIAISON FOR N-REN. EVANS SAID THAT TO HIS KNOWLEDGE N-REN HAD NOT RPT NOT RECEIVED MARCH 29, 1977, LETTER FROM BONGO BUT HE WOULD CHECK IT OUT TO GIVE DEPT DEFINITIVE ANSWER.

2. IN RESPONSE TO GOG CHARGES THAT N-REN'S CAPITAL PARTICIPATION WAS FINANCED BY THE MANAGEMENT FEE PAID TO THE COMPANY (REF B, PARA 2), EVANS EXPLAINED THAT N-REN PURCHASED 35 PER CENT OF GABOREN STOCK, BUT THAT AS THE DESIGNATED GENERAL CONTRACTOR IT WAS ENTITLED TO PAYMENT FOR SERVICES RENDERED AND SUBCONTRACTED. ACCORDING TO EVANS THIS WAS COMPLETELY NORMAL BUSINESS PROCEDURE. EVANS INSISTED THAT FACT THAT N-REN'S INVESTMENT AND ITS MANAGEMENT FEE WERE NEARLY EQUAL WAS MERE COINCIDENCE. AS FOR OTHER CHARGES CONCERNING PROFITABILITY, MARKETING, AND TRAINING, EVANS SAID THAT HIS COMPANY COULD NOT DELIVER ON THESE GUARANTEES UNLESS THE PROJECT WAS COMPLETED. DEPT SENDING N-REN COPY OF GOG NOTE TO ALLOW COMPANY TO MAKE MORE DETAILED RESPONSE.

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3. ACCORDING TO EVANS, N-REN FEELS VICTIMIZED BY ELF WHICH HAS BEEN UNCOOPERATIVE WITH AMERICAN PARTNER AND HAS BEEN WORKING AGAINST BEST INTERESTS OF GABON, E.G., BY INSISTING THAT GABON PURCHASE HIGH PRICED NAPTHA FROM

ELF RATHER THAN USE FREELY AVAILABLE NATURAL GAS. EVANS MAINTAINED THAT ELF WAS BEHIND GOVERNMENT MOVES TO DISCOURAGE N-REN FROM SUCCESSFULLY COMPLETING PLANT CONSTRUCTION.

4. GOG CURRENTLY NEGOTIATING WITH AUSTRIAN FIRM VOEST-ALPINE AND AUSTRIAN CONTROLBANK ABOUT POSSIBLE TRANSFER OF N-REN INTEREST IN GABOREN. IN SPITE OF DIFFICULTIES, HOWEVER, EVANS SAID COMPANY WOULD PREFER TO CONTINUE WITH PROJECT. HE THOUGHT GABONESE AMMONIA FACTORY WAS STILL VIABLE PROPOSITION, AND WAS UNABLE TO UNDERSTAND WHY GOG ORDERED HALT IN CONSTRUCTION.

5. OPIC CONFIRMS THAT N-REN HAD APPLIED FOR INSURANCE COVERAGE LAST YEAR. THERE WAS NO FOLLOW-UP BY COMPANY, AND OPIC TOOK NO ACTION. APPLICATION REMAINS DORMANT.

6. ACCORDING TO DEPT OF COMMERCE, N-REN HAS GOOD D AND

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7. COMMENT: GOG NOTE UNCLEAR AS TO MEANING OF "EQUITABLE SETTLEMENT". ALSO UNCLEAR ARE REASONS FOR PREMATURE TERMINATION OF PROJECT. SUGGEST EMBASSY MAY WISH TO RESPOND TO GOG NOTE BY STATING THAT DEPT HAS INFORMED N-REN OF GOG COMPLAINT, THAT N-REN SAID IT INTERESTED IN CONTINUING WITH PROJECT, AND PROMISED TO BE IN TOUCH WITH GOG AFTER STUDYING CONTENTS OF GOG NOTE. COOPER

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